Registered number: 01781094

SUNSPEL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

COMPANY INFORMATION

Directors	N M Brooke C D Hazlehurst (resigned 2 April 2020)
Company secretary	N M Brooke
Registered number	01781094
Registered office	Norman House Friar Gate Derby DE1 1NU
Trading Address	Cavendish House Canal Street Long Eaton Nottingham NG10 4HP
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

SUNSPEL LIMITED

CONTENTS

SUNSPEL LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their strategic report for the year ended 31st January 2021.

Introduction

Sunspel Limited is a leading British luxury apparel company with a long history of textile expertise. It produces exceptional quality clothing in timeless designs in its own factory in the United Kingdom as well as in third party factories in the United Kingdom and Europe. The company's goal is to create the foundation for the modern luxury wardrobe.

Business review

The year ended 31st January 2021 saw significant progress in the company's strategy to develop Sunspel as a leading luxury apparel brand with an online focus. While the Coronavirus pandemic resulted in the enforced closure of the company's retail stores throughout the year, the business demonstrated its agility by pivoting towards its already strong online channel and casualwear categories. As a result, the company was able to increase EBITDA to £3.06m (2020: £2.25m) and net assets to £6.3m (2020: £4.6m).

It is the view of the company that the pandemic has accelerated the shift to online and casualisation. The swift action taken by company in response to the crisis has allowed it to focus on future growth strategies in these areas. The company will continue to internationalise with a particular focus on the USA which it has identified as a market with significant opportunity.

A strong commitment to ethical sourcing is a key objective of the company and the company remains committed to working with supply chain partners that share its values.

The company recognises the increasing focus and importance on sustainability and the environmental impact of the fashion industry. Its products are designed and made to last, they are not branded, and they are not priced to be seen as disposable. The company has high visibility of its supply chain and is currently working on a "from farm to closet" strategy as part of an overall transparency project.

Sunspel Limited intends to continue its multi-channel approach while focusing on its existing online strength. It will increase and deepen wholesale partnerships globally alongside complimentarily located, owned and operated retail boutiques.

Principal risks and uncertainties

Brexit has led to increased costs due to tariff and non-tariff barriers between the EU and the UK. To mitigate this the business intends to set up a European distribution hub in 2021. The company benefits from having natural hedges in place through the operation of foreign currency bank accounts and foreign wholesale and online receipts. Coronavirus remains a risk to the business and its people. The company continues to take all appropriate measures to ensure its people remain safe and healthy. The company anticipates that supply chain issues will continue to put pressure on deliveries and that increases in raw material and shipping costs will put pressure on costs. The company will implement strategies to mitigate these risks.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Financial key performance indicators

Management have identified the following financial KPIs as relevant to monitoring performance and review these on a regular basis against forecast.

	2021	2020
	£'000	£'000
Revenue	15,299	14,637
Gross Profit	9,826	9,064
Gross Margin	64.2%	61.9%
Operating Profit/(Loss)	2,181	1,275
EBITDA	3,056	2,247

This report was approved by the board and signed on its behalf.

DocuSigned by:
Nicholas Brooke
AC69106563DA414...

N M Brooke
Director

Date: 21 February 2022

SUNSPEL LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their report and the financial statements for the year ended 31 January 2021.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice, UK Accounting Standards comprising Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'), and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,682,678 (2020: £925,907).

No dividends were paid during the current or prior year. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year are noted on the company information page.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

DocuSigned by:
Nicholas Brooke
AC69106563DA414...

N M Brooke
Director

Date: 21 February 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNSPEL LIMITED

Opinion

We have audited the financial statements of Sunspel Limited (the 'company') for the year ended 31 January 2021, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity for the year then ended, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNSPEL LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, orhave no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK Accounting Standards including FRS 101 Reduced Disclosure Framework and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, including a review of legal and professional nominal codes and board minutes in the year and post year end;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- enquiring of management as to actual and potential fraud, litigation and claims,
- designing our audit procedures to respond to our risk assessment;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business; and
- reviewing accounting estimates for bias, including recoverability of receivables and obsolete inventory provisioning.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing legal and professional expenses;
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNSPEL LIMITED (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Ltd.

Alison Fovargue (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 21 February 2021

SUNSPEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2021

	Note	2021 £	Restated 2020 £
Revenue	3	15,299,159	14,637,239
Cost of sales		(5,473,469)	(5,573,103)
Gross profit		9,825,690	9,064,136
Administrative expenses		(6,347,637)	(6,543,605)
Non-recurring administrative expenses	5	-	(18,500)
Total administrative expenses		(6,347,637	(6,700,306)
Distribution costs		(1,627,389)	(1,227,068)
Other operating income	4	330,799	-
Operating profit	6	2,181,463	1,274,963
Adjusted EBITDA[1]			
Depreciation of property, plant and equipment		271,593	315,190
Depreciation of right-of-use assets		603,151	629,304
Non-recurring expenses			27,299
Adjusted EBITDA		3,056,207	2,246,756
Interest receivable and similar income		-	217
Interest payable and similar charges		(97,130)	(105,875)
Profit before taxation		2,084,333	1,169,305
Taxation on profit	9	(401,655)	(243,398)
Profit for the year		1,682,678	925,907

[1] Adjusted EBITDA, which is defined as earnings before interest, tax, depreciation, amortisation and non-recurring expenses, is a non-GAAP metric used by management.

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of comprehensive income.

The notes on pages 12 to 33 form part of these financial statements.

SUNSPEL LIMITED
REGISTERED NUMBER: 01781094

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2021

	Note		2021 £		Restated 2020 £
Fixed assets					
Property, plant and equipment	11		787,436		875,039
Right-of-use assets	10		2,240,569		2,843,720
Investments	12		1,212,356		57,139
Other non-current receivables	14		-		1,157,809
			4,240,361		4,933,707
Current assets					
Inventories	13	3,069,675		3,333,877	
Trade and other receivables	14	1,339,541		1,403,264	
Cash and cash equivalents		3,080,332		1,043,329	
		7,489,548		5,780,470	
Creditors – amounts falling due within one year	17	(3,472,264)		(3,492,707)	
Net current assets			4,017,284		2,287,763
Total assets less current liabilities			8,257,645		7,221,470
Creditors – amounts falling due after more than one year	18		(1,918,045)		(2,555,168)
Provisions for liabilities					
Deferred tax	19		(18,075)		(27,455)
Net assets			6,321,525		4,638,847
Equity					
Called up share capital	20		20,727		20,727
Share premium account	21		259,349		259,349
Retained earnings	21		6,041,449		4,358,771
Shareholders' funds			6,321,525		4,638,847

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
Nicholas Brooke
AC89108563DA414...
N M Brooke
Director

Date: 21 February 2022

The notes on pages 12 to 33 form part of these financial statements.

SUNSPEL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 February 2020 (as restated)	**20,727**	**259,349**	**4,358,771**	**4,638,847**
Comprehensive income for the year				
Profit for the year	-	-	1,682,678	1,682,678
Total comprehensive income for the year	-	-	1,682,678	1,682,678
At 31 January 2021	**20,727**	**259,349**	**6,041,449**	**6,321,525**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2020

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 February 2019 (as previously stated)	**20,727**	**259,349**	**3,561,099**	**3,841,175**
Effect of first-time adoption of FRS 101 (note 24)	-	-	(128,235)	(128,235)
At 1 February 2019 (as restated)	**20,727**	**259,349**	**3,432,864**	**3,712,940**
Comprehensive income for the year				
Profit for the year	-	-	925,907	925,907
Total comprehensive income for the year	-	-	925,907	925,907
At 31 January 2020	**20,727**	**259,349**	**4,358,771**	**4,638,847**

The notes on pages 12 to 33 form part of these financial statements.

1. Accounting policies

Sunspel Limited (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of it's registered office is disclosed on the company information page.

These financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 31 January 2021 (2020: year ended 31 January 2020).

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The company transitioned from Financial Reporting Standard 102 (FRS 102) to FRS 101 as at 1 February 2019.

In preparing these financial statements the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. In the transition to FRS 101, the company has applied IFRS 1, please see note 24 for further details.

The accounts have been prepared under the historical cost convention unless otherwise specified within these accounting policies. The methods used to measure fair values of assets and liabilities are discussed in the respective notes below.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the company's accounting policies. The areas where significant judgement and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The following principal accounting policies have been applied:

1.2 FRS 101 – reduced disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and property, plant and equipment;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of transactions with wholly owned subsidiaries

As the consolidated financial statements of Thomas A. Hill Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- Certain disclosures required by IAS 36 Impairment of assets in respect of impairment of goodwill and indefinite life in property, plant and equipment.

1. Accounting policies (continued)

1.3 Going concern

At the statement of financial position date the company has a cash balance of £3,080k (2020: £1,043k), net current assets of £4,017k (2020: £2,288k) and net assets of £6,322k (2020: £4,639k).

At the time of signing these accounts, the director has considered the effect of Coronavirus on the going concern position, and considers that the company will continue to trade for a period of at least 12 months from the date of signing. The director has produced forecasts for the company. These forecasts demonstrate that the company will continue to be able to operate within the banking facilities available to it for a period of at least 12 months from the date of signing these accounts. The severity of any future social distancing measures linked to Coronavirus are unknown however the company traded well through the enforced lockdowns experienced in 2020 and post year end in 2021 and at the time of signing the accounts, despite new variants of the virus lockdown measures have been substantially eased. The directors have assumed that trade will be relatively unaffected by such distancing measures in the forthcoming year given the success of the vaccine and booster programme.

On that basis, the director has prepared these financial statements on a going concern basis.

1.4 Revenue

Revenue with customers is measured based on the five-step model under IFRS 15 *Revenue from Contracts with Customers.*

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to separate performance obligations in the contract; and
- Recognise revenues when (or as) each performance obligation is satisfied.

Revenue represents the fair value of amounts receivable for goods sold and is stated net of discounts, value added taxes and returns. Revenue is recognised when control of the goods is transferred to the customer i.e. the customer accepts delivery of the goods.

It is the company's policy to sell its products to the retail customer with a right to return within 28 days, which gives rise to variable consideration under IFRS 15. The right of return asset is recognised within inventories with the refund liability due to customer on return of their goods recognised within liabilities. The company bases it's estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In the case of goods sold through retail stores, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer at the point of sale, less provision for returns. Retail sales are usually in cash or by debit/credit cards.

In the case of goods sold on the internet where the customer has opted for delivery, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer, which is the point of delivery to the customer. In the case of click and collect orders which are collected in store, the performance obligation is deemed to have been satisfied when the goods are collected by the customer.

In the case of goods sold to other businesses, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the stockist upon delivery. Payment terms are generally 30 – 60 days with no right of return. No element of financing is present.

1.5 Prior year restatement

Restatements have been made to amounts previously presented under UK GAAP for the year ended 31 January 2020 relating to administrative expenses and accruals to account for sales taxes due, not accounted for in previous years. The restatement has increased administrative expenses and accruals by £109,433. There has been no other impact on the 2020 financial statements.

1. Accounting policies (continued)

1.6 Property, plant and equipment

Property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- 15% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 15% straight line
Computer equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Land is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the statement of comprehensive income.

At each statement of financial position date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense immediately in the statement of comprehensive income.

1.7 Valuation of investments

Investments are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the statement of comprehensive income and the value of the investment is reduced accordingly.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each statement of financial position date, inventory is assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

1. Accounting policies (continued)

1.9 Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contracts that give rise to them and are classified in the following categories: amortised cost; at fair value through profit or loss (FVTPL); and fair value through other comprehensive income (FVOCI). The company determines the classification of its financial assets and liabilities at initial recognition and re- evaluates this designation at each financial year end. A financial asset or liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial assets, including trade and other receivables, cash and cash equivalent balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. Cash and cash equivalents comprise cash held at bank which is available on demand.

Financial liabilities, including trade and other payables, lease liabilities and bank borrowings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.10 Leases

The company has applied IFRS 16 *Leases* using the fully retrospective approach, under which the initial application is recognised at 1 February 2019. The company leases retail stores and plant and machinery. Rental contracts are typically made for fixed periods but may have extension or early termination options. The lease agreements do not impose any covenants but leased assets cannot be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are measured on a present value basis, discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate. The incremental borrowing rate is 4% for the year ended 31 January 2021 (2020: 4%).

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are tested for impairment if indications of impairment are present.

Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Adjustments for any payments surrendered before commencement date;
- Adjustments for any initial direct costs incurred less lease incentives received.

The company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

1. Accounting policies (continued)

1.10 Leases (continued)

Assets held by the company under leases which had previously been classified as being held under finance leases and hire purchase contracts had been capitalised as property, plant and equipment and depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements were included in creditors net of the finance charge allocated to future periods. These leases are now presented within the right-of-use asset and liability under IFRS 16.

1.11 Government grants

Grants are accounted under the accruals model. Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure. Government grants relating to the receipt of Coronavirus Job Retention Scheme income is included within other operating income in the statement of comprehensive income.

1.12 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1.13 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

1. Accounting policies (continued)

1.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

1.15 Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

1.16 Non-recurring items

Non-recurring items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of non-current assets

The company assesses the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all tangible fixed asset classes and have concluded that the asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Carrying value of inventories

The directors review the market value of and demand for its inventories on a periodic basis to ensure inventory is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of inventories. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade receivables

Trade and other receivables are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Impairments are made specifically against invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and the charge in the statement of comprehensive income.

2. Judgements in applying accounting policies (continued)

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Leasing

In respect of right-of-use leased assets key estimates are a combination of the incremental borrowing rate used to discount the total cash flows and the term of the leases where breaks or extensions fall within the company's control. These are used to derive both the opening asset value and lease liability as well as the consequential depreciation and financing charges.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due.

Management estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

3. Revenue

The whole of the Revenue is attributable to the company's principal activity.

Analysis of Revenue by country of destination:

	2021 £	2020 £
United Kingdom	7,370,300	8,183,264
Rest of Europe	2,685,759	2,144,695
Rest of the World	5,243,100	4,309,280
	15,299,159	14,637,239

4. Other operating income

	2021 £	2020 £
Government grants receivable	300,799	-

Government grants receivable relate to income received under the Coronavirus Job Retention Scheme, Business Rates Relief and the Retail, Hospitality and Leisure Grant Fund.

5. Non-recurring items

	2021 £	2020 £
Redundancy costs	-	17,500
Other non-recurring costs	-	1,000
	-	18,500

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of property, plant and equipment	271,593	315,190
Depreciation of right-of-use assets	603,151	629,304
Fees payable to the company's auditor	21,350	18,250
Exchange differences	130,053	(20,779)

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	2,706,826	2,922,396
Social security costs	214,244	230,603
Pension costs	160,100	78,838
	3,081,170	3,231,837

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production	44	38
Administration and sales	59	75
	103	113

8. Directors' remuneration

	2021 No.	2020 No.
Directors' emoluments	165,063	180,072
Company contributions to defined contribution pension schemes	9,010	13,175
	174,073	193,247

During the year retirement benefits were accruing to 1 director (2020: 1) in respect of defined contribution pension schemes.

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	408,463	279,540
Adjustments in respect of previous periods	2,572	545
	411,035	280,085
Deferred tax		
Origination and reversal of timing differences	(17,705)	(37,168)
Adjustments in respect of previous periods	321	481
Effect of tax rate change on opening balance	8,004	-
Total deferred tax	(9,380)	(36,687)
Taxation on profit	401,655	243,398

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2020: higher than) the standard rate of corporation tax of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	2,084,333	1,169,305
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	396,023	222,168
Effects of:		
Fixed asset differences	107	424
Expenses not deductible for tax purposes	12,057	22,619
Adjustments to tax charge in respect of prior periods	2,572	545
Adjustments to tax charge in respect of prior periods - deferred tax	321	481
Income not taxable for tax purposes	(12,693)	(3,736)
Group relief claimed		(3,441)
Remeasurement of deferred tax for changes in tax rates	3,268	4,338
Total tax charge for the year	401,655	243,398

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. It was substantively enacted on 24 May 2021 and this will have a consequential effect on the company's future tax charge, which will increase accordingly. The tax rate applicable at 31 January 2021 remained at 19%.

10. Leases

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases* and FRS 102. The company has adopted IFRS 16 *Leases* retrospectively from 1 February 2019. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of 4%.

10. Leases (continued)

Right-of-use assets and lease liabilities are recognised as follows:

Right-of-use assets (buildings)

	2021 £	2020 £
Cost		
At 1 February	3,473,024	2,378,360
Additions	-	1,094,664
At 31 January	3,473,024	3,473,024
Depreciation		
At 1 February	629,304	-
Charge for the year	603,151	629,304
At 31 January	1,232,455	629,304
Net book value		
At 31 January	2,240,569	2,843,720

Right-of-use liabilities

	2021 £	2020 £
At 1 February	3,138,365	2,590,697
Additions	-	1,094,664
Finance costs on lease liabilities	96,078	104,823
Repayment of lease liabilities	(619,219)	(651,819)
At 31 January	2,615,224	3,138,365

Total lease liabilities have been analysed between current and non-current as follows:

	2021 £	2020 £
Due within one year	697,179	583,197
Due within 2 - 5 years	1,775,248	2,280,426
Due after more than 5 years	142,797	274,742
	2,615,224	3,138,365

10. Leases (continued)

The amount recognised in the statement of comprehensive income include:

	Year to 31 January 2021 £	Year to 31 January 2020 £
Depreciation expense on right-of-use assets	603,151	629,304
Interest expense on lease liabilities	96,078	104,823
	699,229	734,127

The total cash outflow for leases during the year amounted to £715,297 (2020: £756,642).

The company also occupies leased property where the lease agreement is held by another group company.

11. Property, plant and equipment

	Freehold property £	Plant and machinery £	Motor Vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 February 2020	71,732	32,848	89,243	2,053,463	110,122	2,357,408
Additions	-	-	-	168,168	15,821	183,989
At 31 January 2021	71,732	32,848	89,243	2,221,631	125,943	2,541,397
Depreciation						
At 1 February 2020	42,303	25,446	46,421	1,305,802	62,397	1,482,369
Charge for the year	1,365	1,384	22,312	218,146	28,386	271,593
At 31 January 2021	43,668	26,830	68,733	1,523,948	90,783	1,786,091
Net book value						
At 31 January 2021	28,064	6,018	20,510	697,683	35,161	787,436
At 31 January 2020	29,429	7,402	42,822	747,661	47,725	875,039

The net book value of assets held under hire purchase contracts included within Motor Vehicles total £20,120.

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2020	172,883
Additions	1,155,217
At 31 January 2021	1,328,100
Impairment	
At 1 February 2020 and 31 January 2021	115,744
Net book value	
At 31 January 2021	1,212,356
At 31 January 2020	57,139

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Sunspel GmbH	Non-trading	Ordinary	100%
Sunspel US, Inc.	Wholesale of men and womenswear in USA	Ordinary	100%
Sunspel-Boxer Limited	Dormant	Ordinary	100%
Kane & Raymond Limited*	Dormant	Ordinary	100%
Yammerton Grange Limited*	Dormant	Ordinary	100%
Sunspel (Services) Limited*	Dormant	Ordinary	100%
Sunspel Mercer St LLC*	Retail of men and womenswear in USA	LLC	100%

* Indirectly owned subsidiary undertakings

Name	Registered office
Sunspel GmbH	Alte Schönhauser Straße 41, 10178 Berlin
Sunspel US, Inc.	326 Stockholm St. #1L, Brooklyn, NY 11237
Sunspel Mercer St LLC	1981 Marcus Avenue Suite E117, Lake Success, NY 11042

All other subsidiaries have the same registered office as Sunspel Limited, as shown on the company information page.

13. Inventories

	2021 £	2020 £
Raw materials and consumables	238,793	232,757
Work in progress	36,680	102,808
Finished goods	2,794,202	2,998,312
	3,069,675	3,333,877

An impairment loss of £87,103 (2020: gain £38,796) was recognised in cost of sales against inventory during the year due to slow-moving and obsolete inventory.

14. Receivables

	2021 £	2020 £
Non-current receivables		
Amounts owed by group undertakings	-	1,157,809

	2021 £	2020 £
Current receivables		
Trade receivables	416,639	896,924
Amounts owed by group undertakings	54,972	-
Other receivables	395,338	185,793
Prepayments and accrued income	472,592	320,547
	1,339,541	1,403,264

15. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets at amortised cost	3,551,943	1,940,253
Financial liabilities		
Financial liabilities at amortised cost	738,443	851,566

Financial assets measured at amortised cost comprise of cash balances, trade receivables and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of trade payables and amounts owed to group undertakings.

16. Financial risk management

Overview
This note presents information about the company's exposure to various kinds of financial risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The board has overall responsibility for the establishment and oversight of the company's risk management framework. The director reports regularly to the board on company's risk management.

Capital risk management
The company reviews its forecast capital requirements regularly to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the company consists of equity attributable to equity holders of the company, comprising issued share capital and retained earnings as disclosed in the statement of changes in equity. The company is not subject to externally imposed capital requirements.

Liquidity risk
The company's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages all of its external bank relationships centrally. Any change to the company's principal banking facility requires board approval.

The director reviews and agrees policies for managing credit risk and foreign currency risk which are summarised below.

Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the existing customer and the risk that any trade receivables of the company may default on amounts. The company's principal financial assets are trade receivables, other debtors, and cash equivalents.

The company has a policy of only dealing with creditworthy counterparties. All trade receivables are ultimately overseen by the director responsible for finance and are managed on a day-to-day basis by the finance team. Credit limits are set as deemed appropriate for each customer. The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty.

However, credit risk is also insured, with credit limited and control procedures set in accordance with insurance policies. The maximum exposure to credit risk in relation to trade receivables is 10% of the carrying value of uninsured trade receivables at the reporting date. The maximum exposure to credit risk in relation to cash and cash equivalents is the carrying value at the reporting date.

The ageing of past due trade receivables according to their original due date is detailed below:

	2021 £	2020 £
0 – 60 days	397,595	782,736
60 – 90 days	49,771	7,267
91+ days	109,387	168,523
Expected credit loss impairment allowance	(140,114)	(61,602)
	416,639	896,924

16. Financial risk management (continued)

Trade receivables are non-interest bearing and are generally due and paid within 30 days. The director considers that the carrying amount of trade and other receivables approximates to their fair value and that an impairment of £140,114 (2020: £61,602) is required at the reporting dates. Trade and other receivables represent financial assets and are assessed for impairment on an expected credit loss model.

The majority of the expected credit loss impairment allowance relates to balances that are more than 90 days overdue. The expected credit loss on balances less than 90 days is immaterial. A substantial majority of the overdue debt has been collected since the year end date with the unprovided amounts considered to be collectible.

As at 31 January, the lifetime expected loss impairment allowance for trade receivables was as follows:

	2021			2020		
Past due	**Expected loss rate**	**Gross carrying amount £**	**Loss Provision £**	**Expected loss rate**	**Gross carrying amount £**	**Loss Provision £**
0 – 60 days	0%	397,595	1,470	0%	782,736	-
60 – 90 days	59%	49,771	29,256	0%	7,267	-
90+ days	100%	109,388	109,388	37%	168,523	61,602
Total		556,754	140,114		958,526	61,602

During 2021, specific one-off write-offs have occurred which relate to one customer. These costs have not been considered as part of the underlying expected loss rate, which is considered low.

Foreign currency risk

The company operates predominantly in the UK with sterling being its functional currency and as a degree of exposure to foreign currency risk, with this spread across Euros, US dollars and Canadian dollars for sales operations and costs. The net underlying foreign currency balances, comprising of cash, receivables and payables in the UK, in the statement of financial position in each currency at the year end were:

	USD £	Euro £	CAD £	Total £
At 31 January 2020	140,447	(10,928)	54,110	183,629
At 31 January 2021	158,591	552,790	125,655	837,037

17. Current liabilities

	2021 £	Restated 2020 £
Trade payables	691,322	723,027
Amounts owed to group undertakings	58,548	128,539
Corporation tax	418,781	280,084
Other taxation and social security	306,779	508,746
Lease liabilities (note 10)	697,179	583,197
Other payables	32,636	33,642
Accruals and deferred income	1,244,681	1,235,472
	3,449,926	3,492,707

Net obligations under hire purchase contracts are secured on the assets to which they relate.

18. Non-current liabilities

	2021 £	2020 £
Lease liabilities (note 10)	1,918,045	2,555,168

19. Deferred taxation

	2021 £	2020 £
At beginning of year	27,455	64,142
(Charged)/credited to statement of comprehensive income	(9,380)	(36,687)
At end of year	18,075	27,455

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	86,706	96,294
Tax losses carried forward	(68,631)	(68,839)
	18,075	27,455

20. Share capital

Allotted, called up and fully paid	2021 £	2020 £
20,727 Ordinary shares of £1 each	20,727	20,727

21. Reserves

Share premium account

The share premium account includes any premiums received on the issue of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings

This reserve represents all current and prior period accumulated profit and losses, less dividends paid.

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £160,100 (2020: £78,838). Contributions totaling £13,802 (2020: £32,625) were payable to the fund at the statement of financial position date and are included in payables.

23. Controlling party

Sunspel Limited is a wholly owned subsidiary of Thomas A. Hill Limited, the immediate and ultimate parent company, and is registered in England and Wales. The consolidated financial statements of Thomas A. Hill Limited, in which the results of the company are included, are available from Companies House, Cardiff, CF14 3UZ.

In the opinion of the directors the ultimate controlling party is N M Brooke.

24. First time adoption of FRS 101

These are the first period of financial statements prepared under FRS 101. The company transitioned to FRS 101 from previously extant UK GAAP as at 1 February 2019. IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRSs. No exemptions have been applied to Sunspel Limited. The impact of the transition to FRS 101 from previously published financial statements prepared under UK GAAP is as follows:

The estimates at 1 February 2019 and 31 January 2020 are consistent with those made for the same dates in accordance with FRS 102 (after adjustments to reflect any differences in accounting policies).

	Note	As previously stated 31 January 2020 £	Prior year restatement (note 1.5) £	Effect of transition 31 January 2020 £	FRS101 (as restated) 31 January 2020 £	As previously stated 1 February 2019 £	Effect of transition 1 February 2019 £	FRS 101 (as restated) 1 February 2019 £
Fixed assets	24.1	932,178	-	2,843,720	3,775,898	931,153	2,378,360	3,309,513
Current assets		6,938,279	-	-	6,938,279	5,554,468	-	5,554,468
Current liabilities	24.1	(2,810,330)	(109,433)	(572,944)	(3,492,707)	(2,496,911)	(471,950)	(2,968,861)
Net current assets		4,127,949	(109,433)	(572,944)	3,445,572	3,057,557	(471,950)	2,585,607
Non-current liabilities	24.1	(47,584)	-	(2,507,584)	(2,555,168)	(57,128)	(2,060,910)	(2,118,038)
Provisions for liabilities		(67,713)	-	40,258	(27,455)	(90,407)	26,265	(64,142)
Net assets	24.1	4,944,830	(109,433)	(196,550)	4,638,847	3,841,175	(128,235)	3,712,940
Capital and reserves	24.1	4,944,830	(109,433)	(196,550)	4,638,847	3,841,175	(128,235)	3,712,940

24. First time adoption of FRS 101 (continued)

	Note	As previously stated 31 January 2020 £	Prior year restatement (note 1.5)	Effect of transition 31 January 2020 £	FRS 101 (as restated) 31 January 2020 £
Revenue		14,637,239	-	-	14,637,239
Cost of sales		(5,573,103)	-	-	(5,573,103)
Gross profit		9,064,136			9,064,136
Administrative expenses	24.1	(6,456,687)	(109,433)	22,515	(6,543,605)
Exceptional administrative expenses		(18,500)	-	-	(18,500)
Distribution expenses		(1,227,068)	-	-	(1,227,068)
Operating profit		1,361,881	(109,433)	22,515	1,274,963
Interest receivable and similar income		217	-	-	217
Interest payable and similar changes	24.1	(1,052)	-	(104,823)	(105,875)
Taxation		(257,391)	-	13,993	(243,398)
Profit on ordinary activities after taxation and for the financial year		1,103,655	(109,433)	(68,315)	925,907

24. First time adoption of FRS 101 (continued)

Explanation of changes to previously reported profit and equity:

1 The implementation of IFRS 16 Leases has resulted in, for substantially all former operating lease contracts, the recognition of a lease liability representing future lease payments, discounted at an incremental borrowing rate, with a corresponding non-current asset recognised for the right to use the leased asset. The statement of comprehensive income is impacted with rent expenses previously recognised for operating leases being replaced by depreciation charges arising from the right-of-use assets and interest charges arising from lease financing, which are higher in earlier years.